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HARYANA GOVERNMENT

FINANCE DEPARTMENT

Notification

The 28th October, 2022

No. 272.— In exercise of the power conferred by Sub-section (1) read with Sub-section (2) of Section 13 of the Prize Chits and Money Circulation Schemes (Banning) Act 1978 (Central Act 43 of 1978), the State Government hereby makes the following rules in consultation with Reserve Bank of India for the purpose of carrying out the provisions of the Act, namely:-

1. Short title and commencement.	(1) These rules may be called the Haryana Money Circulation Schemes (Banning) Rules, 2022. (2) They shall come into force from the date of their publication in the Official Gazette.
2. Definitions.	(1). In these rules, unless the context otherwise requires, — (a) ‘ Act ’ means the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act No.43 of 1978); (b) ‘ compensation plan ’ means plans whether explicitly stated or not, but put in practice by the business entities for distribution of benefits to the subscribers; (c) ‘ downline subscriber ’ means a subscriber who is at a lower level in the pyramid; (e) ‘ enrolment ’ means a subscriber enrolling one or more subscribers; (f) ‘ Government ’ means the Government of the State of Haryana in the Administrative Department; (g) ‘ Investing Officer ’ means an officer not below the rank of Deputy Superintendent of Police (Crime Branch) of the concerned District; (h) ‘ Nodal Police Authority ’ means a police authority not below the rank of Inspector General of Police (Crime); (i) ‘ pyramid ’ means a multi-layered network of subscribers to a scheme formed by subscribers enrolling one or more subscribers in order to receive any benefit, directly or indirectly, as a result of enrolment, action or performance of additional subscribers to the scheme. The subscribers enrolling further subscriber (s) occupy higher position and the enrolled subscriber (s) lower position, thus, with successive enrolments, they form multi-layered network of subscribers.

	<p>(j) ‘promoter’ means a person or persons who conduct disguised money circulation schemes and includes heirs, assignees etc. of the persons who promote business entities running disguised money circulation schemes. It also includes persons who actually control the operations of such schemes even though they may not be on record acting as promoters of the business entities; and</p> <p>(k) ‘Authority for sealing of business’ means a police officer not below the rank of Superintendent of Police of the concerned district;</p> <p>(l) ‘section’ means a section of the Act; .</p> <p>(m) ‘subscriber’ means a subscriber by whatever name called to a money circulation scheme including disguised money circulation scheme;</p> <p>(n) ‘Upline Subscriber’ means subscriber who is at a higher level in the pyramid;</p> <p>(o) ‘Winding up of business authority’ means the Administrative Secretary to Government Haryana, Finance Department who shall be competent for winding up of the business entities indulging in money circulation schemes and perform other tasks as assigned by the State Government in order to implement the Act;</p> <p>(2) Words and expressions used in these rules but not defined herein shall have the meaning respectively assigned to them in the Act.</p>
3. Banning on Money Circulation Schemes	<p>(i) No individual or company or firm or business association, in any form, shall promote, run or participate in money circulation scheme including a disguised money circulation scheme.</p>
	<p>(ii) No individual or company or firm or business association, in any form, shall run a scheme with a compensation plan in which the subscribers have to enroll one or more subscribers to become entitled to certain benefits, directly or indirectly, as a result of enrolment, action or performance of additional subscribers.</p>
	<p>(iii) No individual or company or firm or business association, in any form, shall run a scheme that induces enrolment of new members by offering benefits or commission, by whatever name called, to upline members in the pyramid out of the action or performance like sale or purported sale of goods or services by the downline members.</p>
	<p>(iv) No individual or company or firm or business association, in any form, shall run a scheme with a compensation plan which envisages receipt of deposits or entry fees or periodical subscription and gives incentives to subscribers out of these funds for enrolment of new subscribers.</p>
4. Responsibilities of Nodal Police Authority	<p>The Nodal Police Authority shall be responsible for coordinating with other State Governments, the Central Government and agencies concerned under such Government and the Reserve Bank of India and shall also be responsible for furnishing the information to the Reserve Bank of India in the format and periodicity as decided by the State Government in consultation with the Reserve Bank of India.</p> <p>Explanation – This shall not debar the investigating agencies from interacting with other State Governments and other agencies for the purpose of investigation.</p>
5. Liability of the Promoters	<p>The promoter of money circulation scheme shall be personally liable even, if such schemes are run by companies registered under the Companies Act, 2013 (Central Act 18 of 2013) or other business entities carrying limited liability. 2013.</p>
6. Responsibility of sealing of business authority	<p>On a report received from the investigating officer and on being satisfied that prima facie evidence exists that a money circulation scheme including disguised money circulation scheme is being operated, a police officer not below the rank of Superintendent of Police may, under intimation to the Nodal Police Authority, order for sealing of the business premises and offices connected with such schemes, suspend operations of the bank accounts connected with such schemes and take such other action as is required for closure of business operations pertaining to such schemes.</p>

7. Responsibility of winding up of business authority	On conclusion of the investigation, if adequate evidence exists that a money circulation scheme is being run by a company or firm or business association in any form, the Investigating Officer, apart from prosecuting the case under the Prize Chit and Money Circulation Schemes (Banning) Act, 1978 (Central Act 43 of 1978), shall forward a report giving details of the evidence collected during the investigation through the Superintendent of Police concerned to the Competent Authority, under intimation to the Nodal Police Authority, to take action for winding up such businesses. In the case of companies and other business entities where such a power is vested in the Central Government, the Competent Authority shall forward a report with its recommendations to the concerned Ministry in the Central Government for initiating action for winding up of the company.
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ANURAG RASTOGI,
Additional Chief Secretary to Government Haryana,
Finance Department.